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HUMAN EVENTS

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Fresh Leadership: As GOP members of Congress pack their bags to go home on the Easter recess, they are filled with glad tidings for their constituents.

Forces of traditional conservatism in the two major parties have again come to the fore and have opened a fresh vista in what seemed a degenerating political situation. A month ago, who would have thought that legislators today would be talking of "the Bridges-Nixon axis"? The phrase refers to a new coalition of Republican leaders, which seems to be forming to fill the vacuum left by the snafu of the Palace Guard and the ailing health of the President.

Those close to the top arena drew new life from the inspiriting performance of Senator Styles Bridges (R.-N.H.), powerful Chairman of the Senate Republican Policy Committee, on the "Meet the Press" TV program, a week ago. In effect, the New Hampshire Senator rejected "Modern Republicanism," asserted independence from the White House and at the same time defied the spending panic being generated by "liberal" Democrats. Bridges thereby pointed the way for a genuine conservative course of action in the handling of the recession.

His encouragement of "fundamental" tax reduction and repudiation of "wild-eyed spending propositions" being thrown almost daily into the congressional hopper stiffen developing conservative opposition to the panic. Bridges' open scorn and suspicion of the Palace Guard (the very first time this negative factor in the critical situation has been publicly and frankly recognized by a top-rank Republican leader) astonished and reassured this political Capital.

Meanwhile, sober analysts of the fluid scene perceive in Vice President Nixon an affinity — and perhaps a quiet cooperation — with the thinking and planning of Bridges. They note that Nixon's publicly stated thoughts on "fundamental" tax reduction came after the Vice President's visit to General MacArthur (an episode first revealed in HUMAN EVENTS; see our issue of March 10, 1958). The General in the Waldorf and Bridges, the "elder statesman" of the Senate, are friends and have a remarkable identity of opinion.

There exists also common cause between Bridges and a forthright leader among the conservative Democrats—Senator Strom Thurmond (S.C.), whose break with his party's "liberals" and whose Third Party candidacy in 1948 are not forgotten (see "Foreign Aid" item, below).

Other observers ponder developments on the foreign scene, and a few rash ones even venture to talk of a "Bridges-Nixon-Dulles axis." That link rests on the negative attitude of the three men toward a Summit conference between Khrushchev and Eisenhower. (The link between Dulles and Nixon against Sherman Adams and his "Guard" is well known.)

Dulles loses no opportunity to emphasize the difficulties of getting together on a high level with the Soviet leader. The bulk of members of Congress give hearty support to this policy of a hitherto none-too-popular Secretary of State. And the people, it is felt, are behind both Dulles and Congress in this view.

A "sense of the Senate" resolution opposing a Summit conference might still be passed, say those familiar with the sentiments of the legislators on this subject, if strong letters from constituents pour into the Senators' offices.

Yet the danger of holding a Summit does not lessen, because of many little indices, too complex and too shielded from public view to provide alarm bells for the citizenry. Confidentially, it is said that the President (despite occasional remarks to the contrary in public) privately is intent on going to a Summit meeting.

As an instance, reliable sources report that he has sought to ready a new jet plane in which he would travel to such a conference. As the story goes, the jet has not been thoroughly tested yet, and so a pilot has been ordered to make a trial flight to some European field. The idea seems to be that Ike's arrival in the new high-speed craft would outshine Khrushchev's appearance and prove a victory in the propaganda warfare attendant on such a meeting.

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Kohler Strike Probe: A startling outbreak of labor violence in Kohler, Wis., in the midst of the Senate hearings on the Kohler strike last week, shocked the Capital. Western newspapers reported smashing of windows and revival of strike vandalism visited on Kohler employees; one of these workers had testified before the Senate Committee, others were expected to be called. The Chicago *Tribune* reported the possibility that a "campaign is under way to intimidate future witnesses."

In Washington, some raised the possibility, in this connection, of a contempt citation against the UAW or its officers. Repeated accusations have been lodged with the Rackets Committee, to the effect that the strategy of this labor violence is mapped in Detroit, from the offices of the United Auto Workers, under the direction of Walter Reuther himself.

● On the heels of the above news, Herbert V. Kohler appeared before the McClellan Committee and charged that the UAW has tried to "wreck [his] company and make it an example to all American industry." (Previous testimony before Committee had established the utterance of this intention from the mouth of a UAW official.)

Kohler went on to cite "compulsory unionism" as the chief issue behind the strike. He said "many of the abuses this Committee has exposed in its investigation would not happen where union membership is voluntary." (Father Edward A. Keller, in a HUMAN EVENTS article for February 23, 1957, cited "compulsory unionism" as one of the union's principal goals in initiating the strike.)

● During Kohler's testimony, Senator John F. Kennedy (who is said to be seeking Reuther's backing for the Presidency) objected to the industrialist's consulting with his attorney, Lyman J. Conger. Those covering the hearings found this attitude of Kennedy typical. It was also noted that Kennedy, over the protests of some Republican Committee members, sought and obtained five minutes for Joseph L. Rauh, counsel to the UAW, to deliver what amounted to a speech attacking the GOP contingent of the Committee.

Rauh is also spokesman for the notorious left-wing organization, Americans for Democratic Action (ADA). It is recalled that ADA, in its annual "rating" of the voting records of members of Congress for the preceding session, conferred upon Kennedy one of its highest ratings, even higher than that of the inveterate left-winger, Senator Wayne Morse (D.-Ore.).

Your Congressman will be home for five to ten days over the Easter recess. His major objective while there will be to check grass-roots sentiment on tax reduction, Government expenditures, labor legislation, foreign aid, etc. ***See him and give him your views on these important subjects. Urge your friends to do the same.***

Supreme Court: The Jenner bill to curtail the power of the Supreme Court by limiting its appellate jurisdiction (described in HUMAN EVENTS for February 17, 1958) ran into trouble, and has been supplanted by another, offered as a series of amendments to the Jenner bill, proposed by Senator John M. Butler (R.-Md.).

The Jenner bill encountered the opposition of Attorney General Rogers and Modern Republican Senators, plus that of "liberal" Democrats on the Senate Judiciary Committee. Although no vote was taken, it became obvious that the Jenner measure would fall somewhat short of majority support and therefore would not be "reported out" to the Senate for action. Those in the Senate who strongly pushed the Jenner legislation now are said to find the Butler substitute, in some ways stronger, accomplishing the same ends by different means.

The Butler amendments would reverse the effects of the Supreme Court's controversial decisions in the *Nelson, Cole, Watkins* and *Yates* cases. It would limit the Court's appellate jurisdiction in one area only — state standards for admission of lawyers to practice (the issue in the *Konigsberg* case).

The *Nelson* case knocked out anti-Communist laws in some 42 states. The *Cole* decision interpreted the intent of Congress as limiting the Federal security program to sensitive positions. Butler would have the program cover all Government jobs. The *Watkins* case put limitations on the investigative power of Congress. Butler would leave that issue up to the committee. The *Yates* decision made convictions under the Smith Act (limiting subversive activities) harder by narrowly defining its terms. Butler's amendment would correct that Court decision.

Generally speaking, those in Congress who have studied the Butler version say that it would — just as would the unamended Jenner bill — nullify the recent "legislating" decisions of the Court and would give Congress a free hand in investigations. It is reported that Butler, in drafting his proposal, was expertly advised by Frank B. Ober, noted Maryland lawyer and national figure in the fight against communism.

As sentiment now stacks up in the Judiciary Committee, it is believed that the Butler version commands a clear majority. It is said that, as of today, the Attorney General will not oppose it and that certain Republicans objecting to the Jenner bill have switched to support of the Butler proposal. Jenner himself backs the new version.

The bill, it is estimated, should reach the floor within six or eight weeks, especially if country-wide approval rises in the form of mail to Senators. Friends of Jenner and Butler are broadcasting an appeal for such a campaign.

When and if the bill reaches the floor, it is given a good chance of passage; much support is expected from Southern Democrats and Western Republicans.

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Foreign Aid: Little noted in the press was the furious debate staged in the Capital last week on the subject of foreign aid to neutralist and Communist countries. Leading the attack on giveaways to India, Poland and Yugoslavia were Republican Senators Jenner and Bridges, who sought passage of a measure to bar aid to any nation that would "directly or indirectly support the Soviet Union, the Communist Government of China, or any other Communist government in the event of hostility between such government and the United States."

"It is a shame," said Jenner, "to talk about 'friendly nations.' We cannot get even a friendly word from these people. Only recently Tito criticized the Government of the United States in connection with the Summit proposal, saying that Russia was exactly right, and that the United States Government was doing nothing but shilly-shallying."

(Senator Knowland likewise commented that "if there was ever any doubt in the minds of reasonable people on where the self-interest of Marshal Tito really lies, these recent pro-Soviet remarks of his should remove their misunderstanding.")

In a clash with left-wing Senator Hubert Humphrey (D.-Minn.), Senator Bridges denounced aid to Red Poland, declaring that "if it were a question of helping the people of Poland I would be glad to do so. However, I am opposed to helping the Communist Government of Poland entrench itself more and more and grind the people down."

Another conservative legislator, Senator John M. Butler (R.-Md.), although unable to be present for the floor debate, also pitched in against aid to Red Governments. Butler emphasized, in his weekly newsletter, that "Poland's defense budget was enlarged last year by the exact amount of our beneficence."

One Southern Democrat, Senator Strom Thurmond of South Carolina, attracted much favorable attention as he rallied to the support of the GOP conservatives in opposing these giveaways.

Tax Cut: High-ranking fiscal and monetary authorities increasingly demand a quick reduction in taxes. The results of such action, say the experts, will include not only revitalized activity by consumers and industry, but — in all likelihood — more substantial sources of revenue for the Government (see "The Case for Immediate Tax Reduction," by Professor Harold B. Wess, in Article Section of this issue).

One noted authority recently going on record in favor of a tax cut for these reasons is Dr. Arthur Burns, former Chairman of the President's Council of Economic Advisors. Speaking in Chicago last week, Burns recommended a permanent tax cut totaling about $5 billion. He disparaged public works programs as a recovery measure, declaring that "a tax reduction is clearly a sounder method of dealing with a mild recession."

"If . . . we delay more than a very few weeks," Burns said, "in the hope that recovery will come of its own by midyear, we shall be taking the risk of having to resort later to drastic medicine."

Third Party: Signs increase that there will be a serious attempt in 1960 to stalemate the two major parties and to throw the Presidential election into the House of Representatives, where a Third Party would have greatly increased bargaining power. (If no candidate receives a majority of the Electoral votes, the election goes to the House, where each state has one vote.)

Latest intimation of what may be ahead in '60 was the action taken earlier this month by the Georgia state legislature. The Georgia lawgivers passed an act providing that "the state's Presidential Electors . . . shall be chosen . . . without reference to any candidate for President or Vice President of the United States and without the names of any candidate for President or Vice President of the United States and without the names of any candidate for President or Vice President being printed on the official ballot in connection with the names of candidates for Presidential electors."

This step leaves the Georgia Electoral slate free to grant or withhold its votes as the situation dictates. Reports from Alabama, Mississippi and other states south of the Mason-Dixon line indicate great interest in the Georgia move. If enough Southern states follow suit, say observers, such uncommitted Electors might be able to force an Electoral College deadlock in a close election.

Little Rock: In the continuing struggle over segregation in Little Rock, Arkansas — say observers familiar with the South — the Federal Government is coming to realize more fully the doubtful effectiveness of its invasion of last fall, and of the rock-like resistance of the Southern states to integration pressures from Washington. Dispatches from Little Rock over the months have revealed that resistance there has not abated, that — if anything — it has hardened under external pushing.

Accounts of the difficulties experienced by the Negro students who were used as "pawns" in the Little Rock integration move have on occasion found their way into the press. Now, even "liberal" commentators who formerly viewed integration as "inevitable" begin to grasp the nature of Southern resistance.

"After six months in the school," a *New York Times* correspondent reports of the Little Rock Negro students, "they seem as effectively isolated or ostracized as though they were in a hostile land where no one spoke their language." Describing the harassment directed against the Negroes, the *Times* observes: "One must remember that Central High students are 15- to 17-year-olds, young adolescents raised in the

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tradition of segregation; for them not only is society segregated in fact, but segregation is morally right and correct."

The militant segregationists, the *Times* concludes, are carrying the day in Little Rock: "The real crisis in Little Rock may just be beginning. And the crisis may be a reflection of the integration crisis all over the South."

Summit Note: Analysts of Red tactics scanned with interest last week a report from the Moscow Bureau of the Baltimore *Sun*, relating the remarks of US Communist boss William Z. Foster, as they appeared in the Soviet magazine, *Kommunist*. Foster's article set forward communism's current program for America. The number-one objective of that program — say the experts — is obviously attuned to the current Red propaganda drive for a Summit conference. As reported by the *Sun*, this objective is: *"To take advantage of the mass fear of war in the United States by launching a peace crusade, which should have popular appeal."*

Education Front: "A cannonade that had the life-adjusters scuttling for cover." That's the description one auditor gave to last Sunday's education conclave at St. Alban's, a private preparatory school in the Capital.

The attack was led by Admiral Hyman G. Rickover, who has previously gone on record against "progressivism" in the schools, and was seconded by Dr. James T. Killian, science advisor to the President, and Dr. Merle Tuve of Carnegie Institute.

Rickover told his audience that "our teachers are, in effect, denied the opportunity to make themselves scholars because their right to teach and their professional advancement are tied to required courses in pedagogy which few of them would choose if they were given the freedom to plan their own course."

Rickover also stated: "I hope this audience knows that neither Dr. Killian nor Dr. Tuve could qualify for a permanent teaching job in the high schools of this city."

Dr. Tuve declared that "we can go after our local school boards and our own state legislatures to change the laws which now restrict teacher certification to the products of the courses in education."

Killian pointed out that in "the last quarter century our schools have gone through a phase during which languages, mathematics and science have been far too generally neglected or ostracized."

● Also hailed by foes of "progressivism" was the editorial stand taken last week by *Life* magazine. *Life* focused on education's "deeper problem"—"how to straighten out the debris left by 40 years of the progressive educationists."

This debris, said *Life*, "is a legacy of distended play facilities, substandard curricula and principals whose intellectual confusion can no longer be disguised by the compulsory smile on their faces."

"With Dewey's world so demonstrably in tatters," *Life* added, "one might think the educationists would run up the white flag. Far from it. Entrenched in public school administrations, they defend with the adhesiveness of a band of brothers every article of their gobbledygook canons."

DR. ELLA LONN, Professor Emeritus of History, Goucher College: "I have known and read HUMAN EVENTS for years. In my judgment it ranks with the top two or three periodicals on contemporary affairs which I find the most useful and valuable."

DONALD R. RICHBERG, Former Chairman, National Recovery Administration: "HUMAN EVENTS has a unique value in its pungent and forthright comments and revelations regarding issues and personalities of national interest."

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Article Section *Printed in Two Sections*

THE CASE FOR IMMEDIATE TAX REDUCTION

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WE ARE AFRAID to cut taxes during a boom period because we do not want to feed the fires of a consuming inflation; on the other hand, we have become conditioned to a peculiar rigidity in our thinking so that we are averse to cutting taxes during a recession. These are the facts we face today.

Does this mean then that we are doomed to live with a burdensome tax structure which has grown like Topsy? If we do not reduce taxes in a period of prosperity and hesitate to reduce them in a period of recession, we are tacitly committed to a tax structure that must inevitably lead to socialism.

Competent authorities agree that when Federal, state and local taxes exceed 25 per cent of our national income we are well on the road to a Government socialized economy. We have already passed this figure. Are we therefore giving tacit consent that our economy could not reach greater heights or even sustain itself except through excessive Government spending?

The success of our free enterprise economy stems from incentives for the individual and for business. Our present tax structure stifles such incentives. Those who recommend pump priming as a cure for our current recession forget that pump priming in the Thirties was ineffectual and corrupting. We must be aware that Government projects as a "quickie device" to correct the recession may be another name for pump priming and pork barrel expenditures.

The most disturbing fact about the current recession is that even among those who profess to believe in the long-range soundness of our potential growth we find a reaction like that of frightened children. Here again is a demonstration of lip service to the basic soundness of our kind of society; but as soon as the chips are down, we falter and show our lack of faith in what we profess.

The 1953-54 recession was short-lived, which many competent observers believe was due to the tax reduction given to business and individuals in 1954. In spite of a sharp reduction in tax rates in 1953, the average revenue of the Government for the ensuing years increased substantially over the 1953 level before the tax cuts were in effect. This certainly is adequate proof that we are in error in sticking to the belief that the only way we can pour adequate funds into the Government is through higher tax rates. Isn't it time that we try the more sensible approach of lower tax rates?

In the discussions now raging about the recession we seem to forget that there are many contributing factors. There are the heavy inventories which are slowly being liquidated. There are plants and machinery built in the last few years to be paid for through profits. There are the high prices that have created consumer resistance to buying. Included in these high prices are constantly spiraling wage structures which have gone up faster than productivity per man hour. We must not forget that in addition these high prices also include high taxes.

ACCORDING TO THE present tax structure the investment of dollars put into plant and machinery can only be depreciated on the basis of what they cost. This depreciation reserve, set aside to replace worn-out machines at some future date, will be completely inadequate because of the constantly rising prices. This means that the profits of industry have been very much overstated and that industry is paying high taxes on profits it did not make.

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It is only through profits that industry is able to pay dividends to stockholders and to put aside money for better tools and machines. It must be obvious that through this process of unrealistic depreciation reserves, high wages, lower productivity and high taxes, we are slowly but surely stifling the incentives for business to take risks. This in my opinion is the more accurate appraisal of what is really happening today.

We have become conditioned in our thinking to believe that a tax cut will reduce Government income. We fail to grasp the simple arithmetic that a lower percentage of tax on a higher national income would be much better for our economy than a high percentage tax on a restricted national income. At some stage we must make a genuine and wholehearted effort to establish a lower tax rate, and the time is now!

If we believe, as I do, in the basic philosophy that our superiority to socialism and communism is our ability to release the incentive and creative efforts of all people in our society, then we must relieve the consumer, the investor and the businessman of the burdensome taxes which keep them in bondage. *A dollar released to the consumer to buy more, a dollar to the investor with which to invest more, and a dollar to industry to produce more, are worth many, many times more in the channels of our free economy than dollars in the hands of Government.*

Personally, I believe that — after the excesses of the past few years, the high rate of wage increases which did not keep up with productivity, the punitive tax structure, our inflationary excesses — we were due for the kind of recession we face today. But I also believe that after a period of readjustment, without the kind of panic being generated in some quarters for political purposes, our economy will reassert itself and move on to higher levels.

It may seem farfetched to some if I say that the real danger we face now is that we may take the kind of remedial measures to correct the recession which will generate even greater inflation than we have experienced so far. It is amusing and tragic that so many people who prated about the built-in stabilizers in our economy — social security, unemployment insurance, mortgage protection for homes and farms, *etc.* — now have suddenly lost faith in the ability of these built-in stabilizers to stabilize.

It is not intended here to imply that certain jobs which only the Government can perform, such as road building, should not be done; but let us remember that we have always talked about having such programs ready to put into action the moment there is a sign of a downward trend in our economy. Somehow the Government has never been ready for such emergencies and obviously is not ready now. These jobs always seem to be put into the works at a time when the economy is running full blast, with the risk of putting additional pressure to an already booming economy. Because the Government is never prepared for action when needed most, we must conclude that Government works are not so useful a device to correct a recession as is the quick method of tax reduction, which channels money into business, to the investor and to the consumer with which to start their own pump priming. And this is in addition to the psychological fillip given to consumers by a tax cut.

It is my belief that by the time Government projects actually get into channels of production our recession will have corrected itself and we will find again Government projects superimposed on an expanding economy and setting the cycle of inflation in motion anew.

I BELIEVE in an across-the-board tax cut now, not as a cure for the present recession, but because it is the right thing to do. It will help the present recession only because it is the right thing to do for our economy. We can use a wise tax structure and the skill of the Federal Reserve Board to control inflation and deflation without resorting to wasteful and corruptive pump priming.

In the present panic which has gripped so many of our leaders, it is important to approach the case for a tax revision now with common sense and the reaffirmation of faith in the ability of our capitalist system to provide high employment, increased production, increased national income and a rising standard of living. In spite of the fear engendered, the record of our capitalist system in coming out of temporary recessions is very good indeed.

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The recessions of 1953 and 1949 were short-lived. In the recession of 1908, unemployment rose to 2,300,000, or 6.3 per cent of the working force. In 1909 it dropped to 719,000. In 1921, unemployment mounted to 4,754,000, or 11.2 per cent of the working force. By 1922, it had fallen to almost half of that, and by 1923 it was 749,000.

The only period around which many people build their economic philosophy today is the depression of 1930. There is good reason to believe, however, that this depression would not have been so severe and would not have lasted so long if the Government had left the economy alone, instead of introducing tremendous confusion through the Executive agencies that assumed power to make rulings with the force of law. Businessmen did not know from day to day where they stood. For instance, the AAA (Agricultural Adjustment Act) was intended to help farmers by raising the prices of farm products; but the NRA (National Recovery Administration) tried to raise prices of commodities which the farmer had to buy. This of course also tended to interfere with the revival of export trade. The Government at that time raised taxes in the face of bad business conditions. These measures prevented the natural forces of recovery, confidence and incentive from taking hold.

It would seem that the same people who in years past spoke with great pride and accomplishment about our "built-in stabilizers" such as unemployment insurance, social security, *etc.*, have no faith in those stabilizers to carry us through the period of economic readjustment, and are now clamoring for more and more stabilizers, such as a further extension of unemployment insurance. Heaven only knows how far such thinking may someday lead us.

Let us examine the greatest built-in stabilizer of them all, on which so much reliance was placed — the Full Employment Act of 1946. This Act declares it to be Government policy (1) "to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining useful employment opportunities . . . for those able, willing and seeking work," and (2) "to promote maximum employment, production and purchasing power." No one has been able to define what constitutes full employment. (Soviet Russia certainly achieves full employment but I am certain there are very few in this country who would like to have full employment at such a price.)

According to this act, the Council of Economic Advisors — of which Dr. Arthur F. Burns was recently chairman and which is now headed by Dr. Raymond J. Saulnier — reviews current economic trends, and the influence of Government activities on employment, and makes recommendations towards full employment. The act also sets up a Joint Economic Committee of which Representative Wright Patman (D.-Tex.) is Chairman, and Senator John Sparkman (D.-Ala.) is Vice Chairman. The recommendations from the Committee of Economic Advisors, through the President, are transmitted to the Joint Economic Committee of Congress for whatever legislation they deem appropriate.

THIS ACT is almost 12 years old, and while we are doing some soul searching, this is a good time to ask ourselves whether it was really necessary. Stripped of its legal language it says in effect that the Government will not sit idly by and see a serious depression come upon us without taking the proper measures to stop it and reverse it. But the Government, through its taxing power, through the Federal Reserve Board and through its involvement in public works which cannot be done by private enterprise, already has the wherewithal to act in case of a recession. The real question to be raised about the Full Employment Act is the possibility that in the future, particularly in a period of panic, the Government may attempt, through "full employment" policy, so to control our economy as to result in the destruction of the capitalist system and the establishment of a planned economy.

Another question we might ask is whether the Council of Economic Advisors was able to foresee this recession a year ago, so that proper precautionary measures might have been taken. If they did foresee this recession, why did not those who have the responsibility and authority implement a program immediately, instead of waiting nine months, until the recession is upon us, and then start to pour billions of dollars into

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public works which will take still many more months before they are translated into production and employment?

We should not assume that by pouring $40 a year more into the family pocket we can be certain that it will be automatically spent. Consumers are now sitting with over $300 billions in the following categories: approximately $26 billion in currency; $55 billion in checking accounts; $88 billion in savings accounts; $48 billion in US Savings Bonds; $20 billion in other US Government securities; $22 billion in State and local securities; and $41 billion in savings and loan associations. Against this, they owe approximately $137 billion in mortgages and consumer debts.

The public will not spend this money or tax relief money they may receive unless they can be reassured that there is nothing imminently wrong with our economy and that we are not facing a serious depression. This is a good place to emphasize that we have done a pretty poor job in explaining the dynamics of our free economy. The Communists work overtime daily building confidence and faith in their society, while we take ours for granted. The real test as to whether the people and their leaders really understand our kind of economy and social system does not come when things are booming. It is easy to have faith when our economy is going full blast. The real test comes when there are temporary setbacks.

WE HAVE FAILED to help our people grasp that as illness sometimes overtakes a human being, so can it afflict a free economy. Illness sometimes results from excessive indulgence. The same may be said of a free enterprise economy. A temporary illness in an individual is nature's way of setting up a warning. A temporary recession is the economic doctor's way of indicating some danger signs. There is nothing wrong with our economy which a little understanding and wise leadership would not help in giving assurance to our people in this present panic.

Over the years the Government introduced emergency taxes which have become permanent. If we do not now come to grips with this tax octopus which is choking our economy, when will we do so? This is a good time to get rid of tax inequities; to examine how excise taxes are reducing and inhibiting purchasing power. This is a good time to examine the wisdom of the capital-gains taxes. Great Britain, which is almost a socialist state, does not have a capital-gains tax. Circulation is as important in our economy as is circulation in the human body. Does not our present capital-gains tax create too much rigidity in our economy and freeze capital?

And while we are at it, let us thoroughly examine the present profit squeeze on industry. Corporate profits after taxes as a percentage of gross national product (total value of goods and services), was 4.6 per cent in 1957 as against 7.8 per cent in 1948; 6.1 per cent in 1949 and 5.3 per cent in 1955. Certainly it becomes obvious that as profits, the spark in the spark-plug of our economy, keep narrowing, the spark will diminish and we shall be in trouble. This is another way of repeating — and it can stand a great deal of repetion — that the basic strength of our economy and society lies in the individual incentive motivation that generates voluntary creative effort and growth.

Professor Wess, a former Vice President of R. H. Macy & Co., is the author of *Profit Principles of Retailing* (McGraw-Hill) and numerous other books and articles. He is now the Program Director of The School of Business Administration, The American University, Washington, D. C. His most recent contribution to HUMAN EVENTS was "What Is Past Is Prologue," July 20, 1957.

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